

## APPROVAL

‘I / We\* hereby declare that I / We\* have read this thesis and in my / our\* opinion this thesis is sufficient in terms of scope and quality for the awards of the Degree of Technopreneurship’

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THE FACTOR PERCEIVED SERVICE QUALITY TOWARDS CUSTOMER  
SATISFACTION USING ONLINE FOOD ORDERING IN MELAKA

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This report is submitted in partial fulfilment of the requirements for the  
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## DECLARATION

“I admit that this report is the result of my own, except certain explanation and passages where every of it is cited with sources clearly”

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## **DEDICATION**

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## **ABSTRACT**

In today's world, consumer lifestyle have been changed time to time. Technology has consumer to become a better human-humanity. Advance technology is considered as powerful technology and it is important because it gives a lot of benefit to people in their life. Nowadays consumer lifestyle has changed with the technology and the user's life has changed to a more comfortable and saves time. Users do not have to bother to prepare food for guests because the online ordering system has facilitated their business. This trend has helped many restaurants to increase profits and has led to a change in consumer lifestyle. In Malaysia there are many restaurants that provide online service to consumers. For new or developing restaurants, they need to compete with restaurants that have been stable in terms of branding and loyalty of customers. In addition, to ensure a loyal customer, the restaurant needs to provide the best service to the customer so that customer satisfaction exists for the restaurant. In this era of globalization, technologies such as IT are important to be utilized as they are able to become one of the competitive advantage for a restaurant that uses it wisely. Therefore, the online service provided to the customer will be a measure of customer satisfaction. Every restaurant needs to practice service quality such as SERVQUAL to increase the level of customer satisfaction to compete in the food industry. The importance of service quality improves customer satisfaction and loyalty to the restaurant compared to traditional business practices.

Key words: Service quality, Customer Satisfaction, Online Food ordering

## ABSTRAK

*Di dunia hari ini, gaya hidup pengguna telah berubah dari semasa ke semasa. Teknologi mempunyai pengguna untuk menjadi manusia-manusia yang lebih baik. Teknologi pendahuluan dianggap sebagai teknologi yang berkuasa dan penting kerana ia memberikan banyak manfaat kepada orang dalam kehidupan mereka. Kini gaya hidup pengguna telah berubah dengan teknologi dan kehidupan pengguna telah berubah menjadi lebih selesa dan menjimatkan masa. Pengguna tidak perlu bersusah payah menyediakan makanan kepada tetamu kerana sistem pesanan dalam talian telah memudahkan perniagaan mereka. Trend ini telah membantu banyak restoran untuk meningkatkan keuntungan dan telah membawa kepada perubahan gaya hidup pengguna. Di Malaysia terdapat banyak restoran yang menyediakan perkhidmatan dalam talian kepada pengguna. Untuk restoran baru atau membangun, mereka perlu bersaing dengan restoran yang stabil dari segi penjenamaan dan kesetiaan pelanggan. Di samping itu, untuk memastikan pelanggan yang setia, restoran perlu menyediakan perkhidmatan terbaik kepada pelanggan supaya kepuasan pelanggan wujud untuk restoran. Dalam era globalisasi ini, teknologi seperti IT adalah penting untuk digunakan kerana mereka dapat menjadi salah satu kelebihan daya saing untuk sebuah restoran yang menggunakannya dengan bijak. Oleh itu, perkhidmatan dalam talian yang disediakan kepada pelanggan akan menjadi ukuran kepuasan pelanggan. Setiap restoran perlu mengamalkan kualiti perkhidmatan seperti SERVQUAL untuk meningkatkan tahap kepuasan pelanggan untuk bersaing dalam industri makanan. Kepentingan kualiti perkhidmatan meningkatkan kepuasan pelanggan dan kesetiaan kepada restoran berbanding dengan amalan perniagaan tradisional.*

Kata kunci: Kualiti perkhidmatan, Kepuasan Pelanggan, pesanan Makanan dalam talian

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

Drastic advances in technology have resulted in many facilities to the community and indirectly give the big impact on their lives and have changed the way of customer life. Through this technology, internet, mobile phones, computers and others have been created. As the technology becomes more sophisticated, new form of online ordering system for food had been created by using website (Alagoz, 2012). The impact of this technology has resulted in consumers changing in the way food purchases from conventional food purchases direct in the restaurant to food online ordering. In this way the buyer does not need to go to the restaurant to buy food. By using online food ordering, customers have two choice for payment methods by using payment online and cash on delivery (COD) (Nagasubramanian, 2012).

## 1.2 Background of Study

This chapter is discussed about the background of this research study related with online food ordering in restaurant, the service quality to enhance customer satisfaction in restaurant's online food ordering in Malaysia. In Malaysia, according to the Statistics Portal (2017) the total revenue for food delivery is US\$225m in 2017. This revenue is expected to show an annual growth rate from year 2017-2022 is US\$956m in 2022. This online food ordering use the advantage of technology like internet to improve facilities and increase service to the customer during using online food ordering website. This claim was supported by Lawton, (2008) said with the existence of computers has made the world of business changed forever. This is because with the use of computers and software, the business uses information technology to help business run smoothly. It also explains with the formation of this technology allows businesses to keep up with supply and demand as consumers grow more anxious to get the goods purchased quickly and assist their life.

Lawton, (2008) said information technology is the study and system used for retrieving, storing data and sending information including software, hardware, applications and many more. So restaurant expected to provide technology like website that can meet the will of customer to ensure customer satisfaction. In Malaysia there are many restaurants that have been involved in online food ordering services including Mammam restaurants, FoodMatters.me restaurants, dahmakan restaurants and many more. In addition, in Malaysia there is also a company that has offered online food ordering to the restaurant and acts as a marketing platform for this restaurant to market their restaurant and food like FoodPanda, ChowNow, eatnow.com, deliveryeat.com and others.

Online food ordering is a process for ordering food from a local restaurant or food cooperative through website that have been provided or users need to download an application specially prepared for online food ordering (Bagla, 2017) . Ordering online has become so regularized and easy for consumers that we only expect the growth and frequency of those using food delivery to increase. Referring to user statistic stated by Daniel, (2016) 60% of takeaways is order via phone. This demonstrates the opportunity to influence and encourage people to use online order or via an app is high to increase efficiency and people switch to technology for food orders. . With the existence of an application for online food ordering, it makes ease for users to make orders often by using the apps already provided but before use the application, users must register using a user account that is available.

According to Global Analysis Report, (2014) in foodservice sector consist of fast food, full-service provide by restaurant, cafes/bars, stalls/kiosks and 100% home delivery/takeaway. The fastest-growing subsector in food industry was 100% come from home delivery/takeaway service which increased its sales by a significant CAGR of 10.3% over the 2008 to 2012.

According to Daniel, (2016) technology will continuous to be drive of change in the food delivery. With the help of today's sophisticated technology will provide many more convenience to consumers in their daily lives because most consumers love to buy food via online as it makes it easy for them to buy without going out from the home and use their energy to go to the physical store and waiting for a long queue. This claimed was supported by Kim, (2015) \$ 70 billion is the total sale of takeout and delivery market and only \$ 9 billion is online. This proves that consumers prefer to buy food online.

### 1.3 Problem Statement

As urbanization widens its reach across the country, Malaysians have worked for a long time and are facing a shortage of time for themselves (Archer, 2017). This has caused Malaysians to change into a new way of purchasing food, according to (Yu, 2013) of the purchase of food at the eateries has changed into an online purchase ordering order. Consumer lifestyle has turned out to be easier and saves time with this online food ordering service. According to Kwong, (2017) convenience is one of the attractions that attract users to make online ordering by simply clicking on a smartphone, tablet, or laptop. This trend will not only increase customer demand for online food ordering but also has changed the landscape in the food industry (Papaioannou, 2015). According to Papaioannou, (2015) drive-through, takeaway and home-delivery are the picking up of food purchases that are rising and are being received by many consumers for a lack of time factor.

There are many restaurants that operate in Malaysia. Most of restaurant in Malaysia still not involve in food online ordering because of they still use traditional way in food business. Because of this, these restaurants do not have any competitive advantaged to compete with other restaurants who have been aware of the advantages of using online food ordering. (Aulia, 2017). For new restaurants or restaurants that are still in development, they must compete with a restaurant that has established in terms of brand awareness and consumer loyalty. Customer loyalty can be created with customer satisfaction due to the service provided by the restaurant to the customer (Shylaja, 2011). With the existence of the World Wide Web has enabled users to gain access to all information and can develop opportunities to influence their own daily lives (Lauren, 2013). According to Raj G, (2016) internet is a medium that has the potential to be an intermediary for trading actively at this time. By using the internet can change the purchases method with only at home and internet can help consumers to buy a wide range of products and services from all over the country.

However restaurant need to adopt the perceived service quality (SERVQUAL) to enhance customer satisfaction in order to compete with others restaurant in food industry. Using the technology has introduced online food ordering system, they can compete with other restaurant to promote a business. Restaurant need to find out the appropriate type of online service which can give to customer convenience to use and they can accept the system. This claimed was supported by Nibblematrix, (2017) said that online food ordering is a simple and convenient way to customer to make a purchases online without going out to the restaurant. If customers are dissatisfied with our service they will choose to buy at other restaurants that offer better service and provide convenience to the customer. So this research is made to measure the degree of customer satisfaction with online food ordering. As a result of this study, restaurants can improve their service quality especially in online food ordering.

#### **1.4 Research Questions**

1. What are the factor perceived service quality towards customer satisfaction using online food ordering in restaurant?
2. How online food ordering be a part of SERVQUAL factor in Malaysia for local restaurant industry?

#### **1.5 Research Objectives**

1. To study the factor perceived service quality towards customer satisfaction using online food ordering in restaurant.
2. To analyse the relationship between SERVQUAL factor in online food ordering with customer satisfaction.

## 1.6 Significance of Study

In this study will analyse the perceived service quality using online food ordering and its effect towards the customer satisfaction in restaurant sector. In this research, online service will be tested as a marketing tool using SERVQUAL to enhance the customer satisfaction. This research only focus on local restaurant because local restaurant has grown a lot nowadays and become more advanced by using technology in their business. This has involved customers, changing in lifestyle and trends (Papaioannou, 2015). According to Lacoma, (2017) business today uses and take advantage from the existing technology for every aspect of operation like use all types of digital media for marketing campaigns because technology has caused all jobs including business to be fast in people life. Miles, (2015) said mobile ordering being a next big thing in world and although national restaurant like Pizza Hut and others fast food restaurant have offered mobile ordering to consumer for years, local restaurants have just realized the importance of mobile ordering to their business and try to discover the benefits of online food ordering.

This study also gives exposure to new restaurants to design their marketing strategies in order to compete with other local restaurants that have been using online food ordering as one of the tools to expand their business. Xiang & Chen, (2009) stated that customer satisfaction is one of the elements that must exist in a company for Success. If the customer is dissatisfied with the service provided by the company they will not return to use the same service even they will look for another company or restaurant that provides the same service but has better performance. This claim was supported by Bartee, (2017) customer satisfaction is a degree of satisfaction providing by the goods or services of a restaurant measured by the total of repeat customers.

### **1.7 Scope of Study**

The purpose of this study is to identify the perceived service quality towards customer satisfaction in restaurant online food ordering. This study also want to determine the most significant factor in service quality which can influence the customer satisfaction using online food ordering. Furthermore, this study also want to analyse relationship between SERVQUAL factors in online food ordering with customer satisfaction. Research conducted at Malacca City area. From the respondents researcher can identify the customer satisfaction using online food ordering or purchasing in restaurant.

### **1.8 Limitation of Study**

This research facing a few limitations caused by a few factors. From this survey, the knowledge of our respondent be our limitation to research about this topic. In addition, the respondents will answer the questionnaire based on their experience. Answer from experience of respondent cannot help researcher to give the right information. Lastly, the limitation is comes from the probability of respondent who will give honest answer to the researcher.